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Proposed Counsel to the Debtor
and Debtor in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF HAWAII

In re:

RAE ENTERTAINMENT GROUP
LLC

Debtor.

Case No. 16-000035
(Chapter 11 Case)

Preliminary Hearing:

Date: April 5, 2016
Time: 9:30 a.m.
Judge: Robert J. Faris

**RAE ENTERTAINMENT GROUP LLC'S MEMORANDUM IN
OPPOSITION TO LANDLORD HILTON HAWAIIAN VILLAGE LLC'S
MOTION FOR RELIEF FROM AUTOMATIC STAY, FILED 3/10/2016**

Debtor RAE ENTERTAINMENT GROUP LLC ("**Debtor**"), by and through its attorneys, Tsugawa Biehl Lau & Muzzi LLLC, respectfully submits this Memorandum in Opposition (the "**Opposition**") to Landlord HILTON HAWAIIAN VILLAGE LLC'S ("**Hilton Hawaiian**") Motion for Relief from Automatic Stay ("**Motion**"), filed on March 10, 2016. [Docket No. 20]

I. RELEVANT FACTS

Debtor leases from the Hilton Hawaiian Village (“Hilton”) commercial space consisting of 7,002 square feet of showroom and bar and 2,078 square feet of appurtenant space, including a lanai and lanai bar (the “Property”) located at the Tapa Tower of the Hilton Hawaiian Village. Debtor believes that its lease rent is significantly below market. Prior to its bankruptcy, Debtor spent over \$4,000,000 building out the Property for its opening in late 2014. The Property is a first class entertainment facility at a first class location in Waikiki. The Debtor believes that the Property is worth at least \$465,000. The Debtor is currently in talks with several interested parties that have a successful record of business in Hawaii. Prior to the preliminary hearing, Debtor expects to file with the Court a motion for approval of an agreement that will bring the Hilton current

II. ARGUMENT

Bankruptcy Code section 362(d)(2) provides:

(d) On request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay--

. . . .

(2) with respect to a stay of an act against property under subsection (a) of this section, if--

(A) the debtor does not have an equity in such property; and

(B) such property is not necessary to an effective reorganization;

Here, Hilton is not entitled to relief from the automatic stay because there is equity in the property and because such property is necessary to an effective reorganization.

Debtor spent over \$4 million building out the Property. The Property is in very good condition. The lease rent for the Property is below market rate. Debtor believes the Property to be worth at least \$465,000.

For Debtor to have any opportunity to reorganize, it needs the Property. All of Debtor's prior income was generated from show and bar operations at the Property. Without the Property, Debtor has no ability to organize.

III. CONCLUSION

For the reasons set forth above, the Motion for Relief for the Automatic Stay should be denied.

Dated: Honolulu, Hawaii, March 22, 2016.

/s/ Christopher J. Muzzi
CHRISTOPHER J. MUZZI
Attorney for Debtor
RAE ENTERTAINMENT GROUP LLC

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DECLARATION OF CHRISTOPHER J. MUZZI

I, CHRISTOPHER J. MUZZI, first being duly sworn on oath, depose
and say that:

1. I am an attorney with the law firm of TSUGAWA BIEHL LAU &
MUZZI, LLLC, am licensed to practice law in the State of Hawaii, and am
one of the attorneys representing Debtor RAE ENTERTAINMENT GROUP
LLC ("Debtor") in the above captioned matter.

2. I make this Declaration based upon personal knowledge and if called as a witness, I could and would competently testify to the matters stated herein.

3. Attached hereto as Exhibit ____ is a true and correct copy of_____.

I, CHRISTOPHER J. MUZZI, do declare under the penalty of law that the foregoing is true and correct.

DATED: Honolulu, Hawaii, _____.

CHRISTOPHER J. MUZZI

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DECLARATION OF ALAN D. GOLDBERG

I, ALAN D. GOLDBERG, declare under penalty of perjury that the following is true and correct to the best of my knowledge and belief:

1. I am a member of RAE Pacific LLC, a Hawaii limited liability company, which is the sole member of RAE Entertainment Group LLC.

2.

DATED: Honolulu, Hawaii, _____.

ALAN D. GOLDBERG